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THE MARKET ORIENTATION: COMPETITIVE ORGANIZATIONAL STRATEGY

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Abstract

This article reports a definition of Market Orientation which supported from a perspective of strategy implementation. It is different from the studies that consider the identity of Market Orientation as the adoption of the marketing concept or the implementation of a business culture. The results obtained from two countries provide empirical support to our definition of Market Orientation as competitive strategy. This is reported independent from the marketing department and is capable of being shared by the non marketing managers. It is also found that the level of its implementation is associated with various criteria of business performance in firms belonging to two industries of the financial sector. The results validate that our definition is broader than the traditional definition of market orientation, marketing orientation, and customer orientation practiced by many companies.

Key Words:

Market orientation, strategy, competition, organizational performance, services

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INTRODUCTION

The importance of Market Orientation as topic of study for both theoretical concerns as well practice of marketing management has been recognized several decades ago. In the literature, this importance has been translated in great quantity of publications.

Some authors point-out that Market Orientation produces a significant increase in the performance of firms (Levitt, 1960; Kotler and Andreasen, 1987; Webster, 1988; Day, 1990; Narver and Slater, 1990; Hooley, Lynch and Shepherd 1990). While others authors indicate that Market Orientation has a negative impact on firms' results (Bell and Emory 1971; Kaldor 1971; Sachs and Benson 1978; Bennett and Cooper 1979; Hayes and Abernathy 1980; Bennett and Cooper 1981).

Between these two extremes a new conciliating perspective considers that the problems are not the results of Market Orientation, but the complexity of its implementation (Bonoma, 1984; Houston 1986; Boyd and Walker, 1990; Piercy 1989, 1990)

The diversity of opinions on Market Orientation would lead one to assume that the identity of this construct is fully known by the authors that criticize it or praise it. However, there still exists confusion with respect to what Market Orientation means.

At theoretical level, this confusion is translated into publications that use various definitions of Market Orientation, but without determining their conceptual limits with other constructs. As an example of this confusion, we find authors who use the terms market orientation and marketing orientation as synonymous (Trustrum 1989), market orientation, marketing orientation and customer orientation (Chang and Chen 1993), marketing orientation and customer orientation (Houston, 1986; Shapiro, 1988) and others who indicate a difference between market orientation and marketing orientation (Sharp 1991).

This theoretical confusion it is also found in practice, which means for some firms that market-orientation implies "that strategy formulation reflects the needs of customers", while for other firms, it means "creating a marketing community within the organization" (Lichtenthal and Wilson, 1992).

We think that this confusion is generated by the lack of research intended to respond to the fundamental question: What is Market Orientation?. We considers that this theoretical vacuum hinders the development of comparative studies and deepen fundamental topics, i.e., its identity, the ways of implementing it and its consequences for the firm.

Considering the confusing academic and empirical panorama in connection with market-orientation identity, the principal purpose of this article is to present

a definition to replace the traditional definitions. To obtain this result we follow three objectives:

The first objective is to examine empirically our hypothesis of market-orientation identity and to analyze the validity and reliability of its operationalization.

The second objective try to reveal the organizational nature of market-orientation and its independence of the concept of marketing.

The third objective deal with proving that the competitive behaviors presented by our definition are associated with the high performance of the firms investigated. In order to validate our hypothesis we use subjective and objective measures of performance in the short and long term.

This paper introduces a definition of Market Orientation that has been validated in representative samples of banking and insurance industries in Peru, and of the insurance industry in Belgium. Although our definition integrates the operationalizations used by Jaworski and Kholi (1993) and Narver and Slater (1990), nevertheless it presents substantive conceptual differences.

In the first part of our article a short critical analysis of the diversity of existing perspectives in market orientation will be provided. Then we will introduce the conceptual framework that supports our definition of the market orientation. Also they will be exposed the hypothesis and the validation of its identity as a organizational construct associated with the performance of business.

We will present and discuss the obtained results in the final part. This paper will conclude with a discussion on the managerial importance of the results and future research directions.

THE BACKGROUND IN THE STUDY OF MARKET ORIENTATION

Most of the marketing literature considers Market Orientation as the adoption of the marketing concept, or as a business culture alternatively (see table 1).

The common problem of any publication based on the marketing concept is that these are supported in non validated definitions of that construct. This critique is also confirmed by Narver and Slater (1989), who indicate that "the several efforts to measure the marketing concept have consistently failed to provided evidence of the reliability of their measures, not to mention evidence of construct validity"

Another common problem of these publications is that they use different marketing concepts, diversity that reflects the existing disagreement on the

marketing definitions. According to some authors, the current definitions take into account only one of the actors of the exchange (Trustrum, 1989; Grönroos 1989), favor the short term (Kaldor, 1971; Dickinson and Herbst, 1985), restricts the marketing to only one of the firm's techniques (Bartels, 1974) and it does not permit to establish its conceptual limits as discipline (Luck, 1969; Arndt, 1981; Kurzbad and Soldow, 1986). Thus, if this perspective were accepted as valid, the problem would be translated in selecting which of the different marketing concepts should be adopted.

Within this perspective exists literature that emphasizes the philosophical component of the marketing as the basis of Market Orientation (table 1: B). Some of these publications define Market Orientation as an entrepreneurial culture, based on the philosophical component of the concept of marketing (table 1: B.1). And within this approach, certain authors *indicate that Market Orientation* is the implementation of the marketing concept, but with a different name (table 1: B.2). This last definition assumes that a political problem between departments can be resolved with the simple name change.

The critique given to these authors is that they do not define nor validate the concept of "philosophy of business", emphasized in all of their publications. We suppose that this omission raises the conceptual confusion connected with Market Orientation, which does not permit to discriminate its identity compared to other constructs (ideology, culture, work environment, paradigm, etc.)

The authors that describe the organizational adoption of the market orientation (table 1: C) as well as evaluate its impact on the company (table 1: D) are also characterized for using different definitions of this construct.

Continuing with this topic, there also exist authors who define Market Orientation as the implementation of an organizational marketing culture, based on customer orientation (table 1: E). This perspective, as well as that which considers market orientation as a "culture and a climate organizational" (table 1: F), oversimplify the conceptual complexity of the subject .

The culture is studied by multiple schools with diversified points of view, which are irreconcilable. For example: the anthropological, sociological organizational and psychological cognitive points of view. The difficulty of this study has been recognized by Deshpande and Webster (1989), who are limited to suggest two actions: first, to specify the selected definition of culture, and then, to develop theoretical structures that relate carefully defined cultural variables to the marketing phenomena that is being studying. However, the literature shows us that no author who defines Market Orientation as a culture has followed this recommendation.

-----insert Table 1 about here-----

Table 1 **THE BACKGROUND IN THE MARKET-ORIENTATION STUDY**

The prior panorama presented shows that the publications have privileged the normativeness and the measurement of Market Orientation, but those which have analyzed explicitly the identity of the construct which was recommended or evaluated are very scarce.

Owed to the confusing state that recent literature reflects, and the importance of the construct, a new approach re-examining the identity of Market Orientation as a organizational strategy is proposed.

MARKET ORIENTATION AS ORGANIZATIONAL STRATEGY

The literature show us that a consensus does not exist in relation to the definition of strategy (Bourgeois 1980; Glueck, Kaufman and Walleck 1982; Ginsberg 1984). Those definitions vary according to the consideration of the strategy as a plan, a behavior model, a position or a perspective (Mintzberg 1988).

For our research, we have integrated the analytical perspective and the sociopsychologic perspective of strategy to indicate that this is a multidimensional construct (see figure 1).

-----insert figure 1 about here-----

Figure 1 **THE MULTIDIMENSIONAL NATURE OF THE STRATEGY**

We consider that strategy is an organizational pattern of behavior as result of the systemic integration of:

Two phases, which are divided into process and content (Anderson, 1982; Allaire and Firsirotu, 1984; Evans and Berman, 1987). The process, or the dynamics by the which the strategy takes form, is composed by the cognitive factors associated with the election of a strategy (Hambrick and Mason, 1984) as well as by the sociopolitic factors that intervene in the implementation of it.

The content or identity of the strategy is formed by the theoretical model of the strategy as well as by the behaviors that make operational this model

Two stages, which are divided into the formulation and implementation (Porter, 1985; Jain, 1985; Daft, 1991). The formulation refers to the evaluation and adoption of the model or representation of the strategy. The implementation is formed by the administrative mechanisms that maintain the repetition of the behaviors that "recreate" this representation.

This strategy conception assumes a constructionist perspective of the organizations (Giddens, 1984), in which the structures emerge through the recurrent behaviors of its members (Hosking and Morley, 1991). In order to orient these organizational actions, it is necessary that the managers present a model or representation of the desired situation (Asch, 1987) and that they invest organizational resources to maintain his reconstruction over time. It is assumed that if this model is repeated in time, is converted into a mental category that conditions the perception and further problem-solving (Sainsaulieu, 1987).

We will concentrate ourselves in the market orientation identity for purposes of paper. We will enter the representation or conceptual model and the behaviors that make this construct operational.

• THE IDENTITY OF MARKET ORIENTATION

THE CONCEPTUAL MODEL:

Market orientation is a strategy used by the firms to reach a dynamic equilibrium between organizational and market goals. To obtain this relation, the firm follows the steps of analysis, coordination and organizational actions to reach two objectives: to satisfy¹ their profitable market and to control the groups (competition and macroenvironment) which can impede this satisfaction.

It is a strategy that requires the participation of all the functional units to generate high performance. The business performance depends of the differential satisfaction of the markets, on the quality of strategy's formulation and implementation (Day and Wensley, 1988) and of the actions related to competition (O'Shaughnessy, 1985).

Our definition of market orientation is supported by (A) use of information within organizational boundaries, and (B) selection of markets to be satisfied.

A) *The organizational use of the information.* Of the various methods to operationalize and measure the use of the information (Deshpande 1982; Menon and Varadarajan 1992), we selected the degree by which the organizations use the market information (Larsen 1982) to coordinate their competitive actions²

We assume that the use of market information follows a process of analysis, coordination and competitive actions (see figure 2).

¹ Satisfaction is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with postpurchase phenomena such as attitude change, repeat purchase, and brand loyalty " (Churchill and Surprenant 1982)

² Kholi and Jaworski use a definition that implicitly assumes this perspective. Menon and Varadarajan (1992) recognize the framework that these authors have used of implicit way.

-----insert figure 2 about here-----

Figure 2

THE MARKET-ORIENTATION

A.1 The Analysis stage seeks to *collect the information or the raw material of the competitive decision making*. This stage constitutes the shaft of strategic marketing (Cravens, 1987), the basis of a sustainable competitive advantage (Aaker, 1984), the initial function of marketing (Evans and Bermanm 1987), and a way of absorbing the fluctuations of the environment (Lawrence and Lorsch, 1967 Daft, Lengel and Trevino, 1987) to assure a successful adjustment in it (Levitt and March, 1988).

We consider that the labor of analysis demands the abilities and perspectives of all of the departments (Lambin 1993) and that is not limited to formal studies.

A.2 The interfunctional coordination assures the participation of the organizational unities in the creation of value for the targeted segments and in the quick attention to their demands (Porter 1985). The coordination is important for the firm (Khandwalla, 1972; Mintzberg, 1979; Miller, 1987) because it facilitates the transmission of the experience and favors organizational learning.

Also it is recognized as the basic requirement in an orientation to the client and to the market (Shapiro, 1988; Masiello, 1988; Narver and Slater, 1990; Schnaars, 1991) because it is the means to communicate the expectations of the market to the responsible parties of the design, of the creation, and of the delivery of the product/service (Hooley and Saunders, 1993).

Our perspective distinguishes the following sequence: diffusion of the information, as well as generation and use of the market intelligence.

A.3 The actions that the firm directs to their markets, competitors and macro environment result from the coordination based on the market intelligence. These actions seek to satisfy so much the necessities of the market as well as those of the firm. For this, the actions of the firm are distinguished by: their anticipation (Lambin, 1993), their promptness (*Schnaars, 1991*; Jaworski and Kholi, 1993; Hooley and Saunders, 1993) and the compliance with the expectations (Zeithaml, Parasuraman and Berry, 1990; Piercy, 1991) generated in the profitable segment.

B) The selection of the markets to satisfy and the agents to control.

This point adopts the concept of several markets, besides the final users (Bagozzi, 1975; Arndt, 1979). Between the agents to satisfy and to control, we identify the final customer, to the intermediate customer, to the competitors and to the macro environment.

B.1 The final customers, are they who determine the winner of the competitive strategies (Kotler, Fahey and Jaturisripitak 1987). Their importance for the actions of the firm have been recognized decades ago by many authors (Staud, 1958; Hise, 1965; Barksdale and Darden, 1971; Lusch, Udell and Laczniack, 1976; Webster, 1988). Thus, Howard (1983) indicates that the companies guided toward the final customer have more success because the sources of their principal restrictions: are life cycle, competition and clients.

B.2 The intermediary customers or distributors constitute the first external client of the firm (Etgar, 1979; Stern and El-Ansary, 1982; Day, 1990; Schnaars, 1991). They are those who permit that the products or services are available for the final customer (Whiteley, 1991), they satisfy and stimulate demand through promotional activities (Stern and El-Ansary, 1982), they transmit an image of the company and of its products (Hass, 1976), and they can influence the profitability of the firm (Lambin, 1989).

B.3 The competitors are formed by the organizations that they can impede the satisfaction of the markets, and they constitute an important moderator of the performance of the company (Oxenfeld and Moore 1978, Biggadike 1981, Kotler and Singh 1981, Day 1984). For this reason, the competitors are considered as the most influential factor in the competitive strategies (Porter, 1980, 1985; Luck and Ferrell, 1985; Evans and Berman, 1987; Aaker, 1988; Day and Wensley, 1988; Hooley and Saunders, 1993)

B.4 The macroenvironment, is present as an external phenomenon that influences organizational efficiency (Burgeois, 1980, Day and Wensley, 1983; Ruekert, Walker, and Roering, 1985; Zeithaml, Varadarajan and Zeithaml 1988) because the firm is an open system which cannot maintain itself (Barnard, 1938; Dill, 1958). Thus, the environment is one of the principal factors in the selection of the strategies (Cravens, 1987; Day, 1990; Hooley and Saunders, 1993). Thus in some instances, the environment defines the product (McKenna, 1991) and constitutes an important factor in the success of a competitive strategy (Porter, 1980).

THE OPERATIONALIZATION OF MARKET ORIENTATION

According to our definition of strategy, market orientation representation is made operational by competitive behaviors. This behavioral operationalization permits us to surpass the ideological and philosophical aspects associated with market orientation (Narver and Slater 1990), to conceive a continuous construct more than dichotomous (Kholi and Jaworski 1989), and to evaluate the level in which are really achieved the behaviors that form the market orientation.

We have identified a set of tactics or competitive behaviors for each of the market orientation components. These tactics have been elected as a result of

an extensive review of the literature on competitive market strategies (see table 2) .

-----insert table 2 about here-----

Table 2: **MARKET ORIENTATION COMPONENTS**

HYPOTHESIS OF THE IDENTITY OF OUR DEFINITION

The evaluation of the identity and the nature of our Market Orientation construct is indirect. It requires us to analyze the degree of validity and reliability in which its operationalisation, through a questionnaire, has achieved to represent the content and level of this construct. After this analysis, we also need to evaluate its identity as an organizational construct associated with business performance.

The validity and reliability of the questionnaire

Of the various ways that the literature presents us to estimate the validity of the questionnaires (American Psychological Association, 1954; Zaltman and Duncan and Holbeck, 1973; Tull and Hawkins, 1987; Bollen, 1989), we consider the following types:

- The content Validity tells us whether or not the questionnaire agrees with the opinion of the experts (Bohrnstedt, 1977). As well as if this questionnaire represents the construct which will be used to make generalizations (Cronbach and Meel, 1967; Kerlinger 1975; Kurtz and May, 1979). Thus:

H1 For a greater acceptance of our measure on behalf of the experts, greater will be the validity of our questionnaire to represent the content of the market orientation construct.

-The concurrent Validity indicates whether or not a measure serves to substitute the measures presented as antecedents (Kurtz and May, 1979). This type of validity is obtained when a meaningful association is found between the questionnaire and its criteria (Cronbach and Meel, 1967). For our research, the criteria are the scales of Narver-Slater and Kholi-Jaworski, because they are the most relevant background to our market orientation measure.

H2 At greater association level between our market orientation questionnaire and their criteria, greater will be its validity for replacing them.

-The Convergent Validity analyzes if the questionnaire is capable of measuring the same meaning of the market orientation construct, yet if it is used in different contexts. This type of validity can be evaluated by independent measurement proceedings (Campbell and Fiske 1959), and by the administration of the same instrument from different groups and in different sites, and obtaining similar results (Kerlinger, 1975).

H3 To greater similarity in the results obtained in the different sectors and countries, greater will be the convergent validity of our market orientation scale.

-The discriminant validity analyzes the dimensionality of the construct and its empirical identity by comparison with other constructs (Bohrnstedt, 1977; Campbell and Fiske, 1959). The dimensionality, or the existence of a construct to the basis of a set of items, can be evaluated with the Alpha Cronbach index, the factorial analysis or the correlations structure between the indicators (Hair, Anderson, Tatham and Black 1992). Thus:

H.4.1 At a greater level of correlation between the Analysis, Coordination and Action components, greater will be the level of one-dimensionality of our construct.

H.4.2 At a greater percentage of the explained total variance, by 9 market-orientation subcomponents as only one factor, greater will be the level of one-dimensionality of our construct

The empirical identity, or the capability of the questionnaire to represent only our construct, is evaluated by the degree of correlation that exists between its components and by the comparison of this construct and other constructs (Bohrnstedt, 1977).

H.4.3 The greater the discriminant validity of our questionnaire, greater will be the correlation level with the Differentiation scale and less will be the correlation level with the Low Costs scale.

H.4.4 The greater the discriminant validity of our questionnaire, the correlation level between the Coordination and the other market-orientation components will be greater than the correlation level between the Coordination and the Human Resources scale.

H.4.5 The greater the discriminant validity of our questionnaire, the correlation level between Analysis and the others market-orientation components will be greater than the correlation between the Analysis and the Market Studies scales.

-The predictive Validity is intended to analyze whether or not a measure has the capability of predicting the content and the level of the construct that it is

measuring. According to Guilford (1965) and Kerlinger (1975) the validity of a test is directly proportional to its reliability.

H5 At a greater level of reliability of our measure, greater will be the validity of our questionnaire to predict the content and the level of Market Orientation that will be found in the firms.

- The reliability indicates the capability of our questionnaire to measure the same construct (Hair, Anderson, Tatham and Black, 1992). It also tells us whether or not the scores obtained with this questionnaire are free of measurement errors (Peter, 1979; Frankfort-Nachmias and Nachmias, 1992) and whether or not they are consistent and stable (Lord and Novick, 1968).

Of the types of reliability that the literature present us, we have selected the Internal Consistence method of test (Alpha Cronbach index), by the theoretical limitations presented by the others methods (Bohrnstedt 1977).

H.6 At a greater level of Alpha Cronbach in our questionnaire, greater will be its capability to provide consistent and stable scores of the market orientation construct.

The market orientation as an organizational strategy

We have defined to the market orientation as an organizational strategy which is independent of the functional marketing unity and which requires the participation of the whole firm to create value for its markets (Porter, 1985; Narver and Slater, 1990; Kholi and Jaworski, 1990; Lambin, 1993). The organizational participation demand that the representation of the strategy be shared between the different unities to achieve a common agreement on the behaviors to develop.

Thus, we can hope that an agreement exists between the marketing managers and non - marketing of each company on the the meaning and level of market orientation.

H.7 There exists a meaningful agreement between the marketing and non marketing managers, on the market orientation level that their firms develop.

We appeal to the organizational literature to analyze the relationship between market orientation and the marketing concept. We find that the functional experience of the managers influences their way of perceiving the organizational strategies (Hambrick and Mason, 1984) and of solving their problems (Dearborn and Simon, 1958). It is assumed that the organizational function (production, finances, marketing) conditions the way of perceiving the events (Hayes and Albernathy, 1980; Hitt, Ireland and Palliates, 1982).

However, according to our theoretical model we can suppose that the functional experience does not influence the market orientation levels that can be found between the marketing and non-marketing managers.

H. 8 There do not exist meaningful differences in Market Orientation levels that are found in marketing and non-marketing managers

Another way of verifying the relation between the market orientation and the marketing concept is to analyze whether or not the formalization years (of the marketing unity) influence the market orientation level that is found in the interviewed managers.

The organizational theory indicates to us that the firm formalizes the coordination mechanisms to assure the predictability of working situations (Galbraith, 1977; Cyert and March, 1963). These characteristics promote that the formalization be considered as a powerful organizational implementation mechanism (Grinyer and Yasai - Arkedani, 1981; Horowitz and Thietart, 1982; Nutt, 1987; Jauch and Glueck, 1988) because the personnel develop mental routines that are converted into hyphens which provide instructions for their behaviors (Lichtenthal and Wilson, 1992).

If we consider these antecedents, then we could wait for a positive relation between the formalization years of the marketing department and the market orientation level. However, according to our market orientation definition we suppose that:

H.9 A relationship does not exist between the formalization years of the department of marketing and the market orientation level that is found in the firms.

The effect of Market Orientation on the Business Performance

Our model incorporates several organizational actions associated with a high performance. For example, use of strategic plans (Urban and Star, 1991), the participation of personnel in the organizational actions (Alutto and Belasco, 1980), a vast product line, the emphasis on innovation, the quality in the product/service and the attention to the client (Varadaran and Ramanujam, 1990).

Furthermore, previous research exist which using different market orientation definitions, find a positive association with economic performance (Kapoor and Singh, 1981; Hooley and Hoover, 1986; Hooley, Lynch and Shepeherd, 1990; Narver and Slater, 1990; Chang and Chen, 1993; Kholi and Jaworski, 1993; Greenley, 1995).

Considering this background, we suppose that market orientation is a strategy that seeks to obtain a differential satisfaction from the competitors. This

satisfaction generates high performance which neutralizes the power of negotiation of the clients and the assaults of the competition (Porter, 1985), reduces the expenses of sales and generates the repurchase (Kotler, 1984; Schnaars 1991), and permits greater than average market prices (Lambin, 1989). Thus:

H. 10 A positive association exists between market orientation and various criteria of business performance

THE EMPIRICAL RESEARCH

Our research is concentrated in the sector of the financial services. The banks and insurances sector was studied in Peru, and the insurances sector, including the life and non-life insurances, was studied in Belgium.

In both countries, the sector of the financial services was crossed by a similar problems: from a conservative and protected stage during several years has passed jerkily to a high competitiveness stage (by the government deregulation and the opening of the European Common Market, respectively).

The samples

The samples of peruvian banks and insurances were homogenized through three criteria: (a) firms that own a distributors net (b) that serve various segments (c) with 2-year-old minimal operations period.

Of the 21 banks registered in the Banking and Insurances Superintendence of the Peru, 5 banks were eliminated by not to corresponding to the criteria of homogeneity. Of our target population of 16 banks, 15 banks responded to our questionnaire, which constitutes 93.75 % of the target population.

Of 16 insurance firms entered in the Banking and Insurances Superintendence of Peru, 2 firms were eliminated. One of them was specialized in export insurance and the other was specialized in medical assistance insurances.

Our target population was composed of 14 firms, 12 firms of those participated in our research. This sample constitutes 85.7 % of our target population.

In Belgium, of the 264 companies that appeared in the list of the Office of Control of Insurances, 76 were selected as our target population. We eliminated those that (a) did not operate in the private insurances sector (b) were insurance companies restricted of a group of firms (c) those with a premium income of less than 100 million of Belgian Francs (what corresponds to an inferior market share to 0,025 percent).

Questionnaires were sent to all 76 firms, and answers were received from 34 of them, wich represents 45 % of our target population.

The representativeness of the Belgian sample, with respect to number of firms and to the number of interviewees, was verified by the comparison of the frequency distributions. The χ^2 tests (4,354 with 3 DF; and 0.70 with 1 DF) indicate to us that there do not exist meaningful differences to 5 %, between the frequency distribution of our samples (of firms and individuals) and those of the target population (using as criteria the premium income and the managerial function, respectively).

The appropriateness of the sample size was verified by two proceedings. In the first one we used the standard deviation of the questionnaire on the market orientation and a correction factor for populations with known size (Lambin 1994). We determined a minimal sample of 42 managers (with $p=0.05$ and an error of 1 point in the scale of 1 to 10).

In the second one, the ratio Net Profits over Premiums and the correction factor to determine the minimal number of firms was used. With a non proportional-stratified proceeding we determined that the sample only needed 26 firms. Our sample of 34 firms and of 61 managers fully satisfies these requirements.

In order to validate our hypothesis on the organizational acceptance of the market orientation strategy, in this study separate questionnaires were sent to two managers by each firm. In both countries, the managers were contacted by telephone and by mail.

Although in Peru we attempted to contact to the marketing and financial managers, most of the firms responded to the questionnaire by using a committee of managers. In this case, each questionnaire was taken as the average of the firm.

In Belgium, information was obtained from 28 marketing managers and of 33 technical managers, in both life and non-life insurance areas.

The questionnaire

The market orientation was measured by means of 62 indicators, elaborated by the behavioral operationalization of market orientation (shown in table 2). These indicators were formulated as affirmations that show the ideal behavior of a market oriented company. For example:

In our company:

“Organizational decisions are executed with a sense of personal engagement to serve the markets”

“We are faster to respond competitors' actions directed to our final customers “

“We develop strategies to diminish the costs (monetary and psychological) of acquiring our products”

The questionnaire had three scales to evaluate in which degree these affirmations reflected the real operation of their company. The first scale was graded from 0 to 10, in which 0 indicated that the firm did not develop that practice "in no degree", 5 indicated that it developed it "more or less" and 10 that it developed "an intensive degree".

The second scale, directed to evaluate the confidence of the interviewee in his answer, was graded from 1 to 5, where 1 meant "nothing safe" and 5 "totally safe". The third scale permitted the interviewee to say whether or not the proposal was pertinent or not to the reality of his firm.

The questionnaire was translated to Spanish, French and Dutch by translators specialized in management, who used an independent verification process to evaluate the compliance of the translations.

To evaluate the discriminant identity of our construct, in Peru we used the Human Resources, Low Costs and Differentiation scales. They were adaptations of the scales used by Narver and Slater (1990) in their research. In Belgium the Marketing Research scale was used, which collects the most frequent types of market studies that the firms use.

To measure the business performance, in Peru a modification of the proceeding followed by Narver and Slater (1990) was used. In this country, the managers compared the results of their firms with those of their principal competitors in their products-markets, taking as basis: the sales growth, the average return on investments, and the new product launching success rate.

In Belgium, the economic and financial performance ratios published by the insurance firms in Trends Top 5000 (1994) and in the Rapport of Office de Contrôle des Assurances (1994) were used. As performance criterion the ratio Net Profits over Premiums (NPPR) was used, the one which reflects the result of the market strategies (García Martín and Fernández-Gamez 1994). Also sales growth was used, the one which indicates the market share and sales actions.

ANALYSIS AND RESULTS

Validity and reliability

H.1 In both countries the questionnaires were evaluated by 7 professors of market strategies and 10 managers (marketing and non-marketing) of the sectors studied to obtain content validity. Its theoretical and practical adjustment to the competitive problems of the firms were evaluated, as well as the difficulty in the comprehension of the items. Some revisions were made to the items as well as adjustments to the own terminology of each sector. For example, the distributors in the banks were designated "subsidiary" and in the insurances, "brokers".

The quantitative results (see table 3) indicate to us that the interviewees recognize that our questionnaire is adapted to their quotidian realities. The low reported scores in some items in both countries suggest to us that the bias of the self-indulgence does not appear in this research.

-----insert table 3 about here-----

Table 3

RESULTS OF THE CONTENT VALIDITY

H.2 To evaluate the concurrent validity, our questionnaire integrated 58 % of the scale of Narver-Slater (NS) and 44 % of the scale of Kholi-Jaworski (KJ). The scales were not integrated totally because the formulation of some of our items include 2 or 3 items of these scales.

The correlation of our scale with its criteria (see tables 4 and 5) indicate to us the validity of our scale to substitute both questionnaires.

H.3 The Convergent Validity of our questionnaire is supported by the results obtained in both countries. In tables 4 y 5 very similar association patterns between the three market-orientation components and between market-orientation (MKT-OR) and performance are found. These results indicate us that our questionnaire has the capability of measuring the same meaning of market-orientation construct, yet in different contexts.

H.4.1 The hypothesis of one-dimensionality is validated by the strong correlation between the three market-orientation components in both countries (see tables 4 and 5). All of the correlations are above of 0.67, except one (.5424**), and they are meaningful to the $p < 0.001$. These results indicate to us that only one one-dimensional construct is being measured.

H.4.2 The results of the exploratory factorial analysis used in both countries also validate the hypothesis of one-dimensionality. In Peru, in the insurance sector, 9 subcomponents are grouped in 1 factor that explain 79.3 percent of the variance (eigenvalue= 7.13). In the banks sector, they are grouped in 1 factor that explains 74.5 percent of the variance (eigenvalue= 6.70).

In Belgium, 8 subcomponents were grouped in 1 factor that explained 52.7 percent of the variance (eigenvalue= 4.73). The other factor explains 14 percent of the variance (eigenvalue= 1.17), but appears strongly correlated with the prior one (0.3535 with $p < .01$). A complementary analysis shows us that the Analysis, Coordination and Action components appear grouped in a factor that explains 77.5 of the variance (eigenvalue= 2.3257)

Thus, the solutions obtained with the correlations matrix and factorial analysis (the same as the high Alpha Cronbach) suggest to us the one-dimensionality of our construct)³

H. 4.3 The market-orientation identity as a strategy of differentiation is validated by the correlations levels between our questionnaire and the scales of

³ Basing us on these results, the market-orientation index is the average of the scores obtained in its various components.

Differentiation (*Insurances: 0.8863***; *Banks 0.9225***) and of Low Costs (*Insurances: 0.5208**; *Banks 0.4705*). See table 5.

According to Porter (1985), the sources of competitive advantage are the differentiation or the costs, but our results confirm what is indicated by Hall (1980): that in practice the managers can use any or both at the same time. The results also indicate that the firms can adopt a market-orientation without neglecting the costs to the firm,

H.4.4 Table 5 indicates that between the Coordination and other market-orientation components the associations are stronger (greater than .77 and $p < 0.001$) than with the Human Resources scale (*Insurances: 0.7643*; *Banks 0.7214*; with $p < 0.01$). These results indicate that our questionnaire better represents the identity of the market-orientation construct than the Political Human Resources construct.

These results also show that a theoretical proximity exists between these two constructs and confirm what the social perspective of the competition indicates (Preston and Post, 1975; Carroll, 1979; Murray and Montanari, 1986). This perspective shows that the commitment of the human recourse is part of the competitive advantage of the company (Keller, 1986; Porter 1985, 1991), because its labor is one of the critical recourses of the firm (Anderson, 1982).

H.4.5 In table 6 we observe that the Analysis is more associated with Coordination and Action (greater than 0.74 with $p < .001$) than with the scale of Marketing Research (MARK-RES) (0.68 with $p < .001$).

Also, the Analysis component is more interrelated with market-orientation (0.9838 with $p < .001$) than with the Marketing Research (0.6515 with $p < .001$).

These results indicate that our questionnaire better measures the market-orientation identity than the Marketing Research construct. A difference is established in its identity but also confirms the theoretical proximity that exists between these two constructs .

H.5 The predictive validity of our questionnaire is support by the Alpha Cronbach indices which have been obtained in both countries. The high levels (see table 7) suggest the validity of our questionnaire to predict the content and level of market-orientation that will be found in the firms.

-----insert table 4 about here-----
Table 4 **RESULTS OBTAINED IN PERU**

-----insert table 5 about here-----
Table 5 **RESULTS OBTAINED IN BELGIUM**

-----insert table 6 about here-----
Table 6 **DISCRIMINANT VALIDITY IN BELGIUM**

H.6 In both countries we randomly choose two samples to evaluate the reliability of our market-orientation questionnaire. The Alpha Cronbach index was evaluated in the first sample and then the analysis was repeated in the second one.

In table 7 is shown that in both countries the questionnaire reaches reliability levels greater than 0.90. The scores found in each of the market-orientation subcomponents, in both countries, surpasses the level of 0.70, except in "Analysis and Actions of the Competitors" (Belgium). In those subcomponents, the level of Alpha Cronbach rises more than 0.80 if 1 item is eliminated in each subscale (use of benchmarking and to surprise to the competition, respectively). However these items were maintained by their theoretical importance and by the high level reached in the total scale .

The results confirm our hypothesis: the indicators of our questionnaire measure the same construct and the measurements that are done with this instrument are consistent and stable (Hair, Anderson, Tatham and Black, 1992)

In this table also we indicate the coefficients obtained by the others scales used in our research. All the coefficients are greater than 0.80.

-----insert table 7 about here-----

Table 7 **THE RELIABILITY OF THE QUESTIONNAIRE**

Market-orientation as an organizational strategy

H.7 This hypothesis suggested that market-orientation is shared by the marketing and non-marketing managers. We use the Kendall Coefficient to evaluate the agreement that exists between the managers's answers.

The results presented in table 8 indicate to us that the marketing and non-marketing managers have a high and meaningful ($p < 0.05$) agreement between them, with respect to the 62 items that form the market-orientation scale. As a consequence, it can be thought that the meaning and the level of market-orientation can be spread throughout the whole firm.

-----insert table 8 about here-----

Table 8 **THE DEGREE OF AGREEMENT OF MARKET-ORIENTATION**

H8 The different market-orientation levels found in the marketing (5,290) and non-marketing (5,648) interviews are entered in table 9. A variance analysis indicates to us that the differences are not meaningful (F Ratio 2.05 and $p = .16$). As

a consequence, we accept the hypothesis that the market-orientation does not depend on the functional experience of the interviewees. These results support the independence between the market-orientation and the marketing function, which was presented in our hypotheses.

-----insert table 9 about here-----

Table 9

DIFFERENCES IN THE MARKET-ORIENTATION LEVEL

H.9 A low index of correlation (0.01) as well as not meaningful ($p > 0.05$), indicates to us the null association between the formalization years of the marketing unity and the market-orientation level expressed by the interviewees. These results confirm our prior conclusions and validate our hypothesis on the independence between the marketing function and the market-orientation level that can be found in the firms.

Market-Orientation and Businesses Performance

H 10 Before validation our hypothesis, we analyzed if in our samples there existed an influence of the firm size on the level of market-orientation. The test of Scheffe used in the variance analysis of our three samples, indicates us that they do not exist meaningful differences between the groups, at a level of 0.05.

In Peru, the performance concept is entered as a one-dimensional construct. This one-dimensionality is supported by several authors (Ulrich and Barney, 1984; Klein and Ritti, 1984; Daft and Steers, 1986; Northcraft and Neale, 1990) who indicate that the performance must be evaluated by the effectiveness (sales growth), the efficiency (ROI) and the adaptability of the firm (success of new products). In both sectors the correlations between the components are above 0.60 ($p < 0.01$) and the level of Alpha Cronbach of the scale that measures the performance is superior to 0.80.

Our hypothesis, that market-orientation is associated positively with the performance, is confirmed in the two sectors. In the insurance sector an association of 0.75 ($p < 0.05$) was found and in the banks sector an association of 0.62 ($p < 0.05$) was found.

We use regression analysis to validate our hypothesis on the positive relation between the market-orientation and the performance components (effectiveness, efficiency and adaptability) in both countries (see table 10).

In Peru, in both sectors we find a meaningful association with the average return on investment (ROI) and the new product launching success rate (NPLSR), but we did not find a meaningful association with sales growth (SALES).

In Belgium, although a positive and meaningful relation between the market-orientation and the ratio Net Profits on Premiums in 1993 (NPOP 93) is found, the association with Premium Income in 1993 (PI 93) is almost inexistent.

We used the average increase of the NPOP ratio, in the years 1991, 1992 and 1993 (AIBN) to evaluate the market-orientation impact on the performance in the long term. A meaningful correlation at 0.05 was found.

According to this results, market-orientation appears be significantly associated to business performance when some criteria are used, subjective as well as objective. However, in neither countries could we find meaningful relations with market share or sales growth .

The results obtained support our hypothesis: market-orientation significantly influences performance in the long term. In the short term, our results coincide with the findings of Jaworski and Kholi (1993). These authors mention that market-share perhaps is not a good indicator of performance, because it will vary if a successful firm uses a concentration strategy, instead of one of market-share strategy.

We would incorporate to this explanation that the organizational task of selling result from actions that take place outside of the firm. This characteristic disperses the control of the firm and hinders the influence of the actions of market-orientation.

-----insert table 10 about here-----

Table n° 10 **MARKET ORIENTATION AND PERFORMANCE**

In Belgium, the associations between market-orientation components and three performance criteria ⁴ were analyzed to verify if the association between the market-orientation and business performance is sensitive from the different types of insurance firms. Table 11 shows us that differences exist in the association Market-Orientation and business performance, according to the firms of the type Life and Non-Life, Non-Life and Life (in these last two meaningful associations were not found with PI 93 and AIPI).

-----insert table 11 about here-----

Table 11 **RESULTS ACCORDING TO TYPE OF FIRM**

Although a more detailed study is required to explain these differences and to clarify the relation between market-orientation and sales; however, we believe that these results support our partial conclusions: market-orientation has a positive influence on business performance.

⁴ The ratio Net Profits on Premiums (NPOP), Premium Income in 1993 (PI 93) and the annual increase of premium income of the years 1991-1993 (AIPI)

CONCLUSIONS

In summary, the results of this study suggest us that market-orientation has its own identity different of other constructs. It is a one-dimensional construct capable of being adopted in the whole organization and it is also capable of providing high performance to the firms.

The identity hypothesis has been validated by different managers in different countries in both the theoretical and empirical levels. They have recognized that our definition represents conceptually the various meanings of market-orientation construct and that it is applicable to the competitive practices of their firms. They also indicate that our market-orientation definition maintains its own identity as compared to other similar constructs.

We have made operational market-orientation construct in a questionnaire formed by 62 propositions. These showed its validity to predict market-orientation level that will be found in the firms and to evaluate the same market-orientation meaning yet in different contexts. Also, the high index of reliability obtained in the two countries indicates that our questionnaire provides consistent results when measuring the content and level of market-orientation.

The stronger and meaningful association of market-orientation with the scales of Kholi & Jaworski and Narver & Slater, indicates that our operationalization is valid to replace other market-orientation operationalizations.

We validate the hypothesis directed to demonstrate that our market-orientation definition is shared and accepted equally by marketing and non marketing managers. We also find that the market-orientation level is independent of marketing actions that the firm develops and of the work experience of the interviewees.

These results confirm that market-orientation could be adopted by the whole organization⁵.

Although the relationship between market-orientation and the performance in the short term is what confusing and demands a more detailed study, however the associations with the long term criteria confirm our hypothesis.

It is confirmed that our construct is broader than marketing orientation, customer orientation, and competitor orientation. Also that it expands the traditional market-orientation definitions since it integrates the distributor orientation and the environmental orientation.

Our market-orientation operationalization permits managers to identify the concrete actions of analysis, coordination and competitive tactics that they can develop to obtain high performance in their firms.

⁵ In order not to be limited to marketing function, our definition reduces the organizational conflicts associated with its implementation

RESEARCH DIRECTIONS

From our study several areas are derived which require more detailed research. The study of organizational phenomenon is complex, thus it is required to collect and integrate different level data of analysis. For this reason, to study in greater depth the sociopsychologic nature of market-orientation, future research has to obtain information from members of different areas and levels of the firm.

As an organizational phenomenon, market-orientation would have to be studied in two different levels. One directed to evaluate the instrumental expectations associated with market-orientation components to detect motivational factors that inhibit its implementation in the firm.

And a second level focus on the type and quantity of information that the firm produces in its market strategies (reports, internal memos, manuals) as a semantic analysis of the instructions provided by the managers. This will lead to evaluate market-orientation with alternative methods and to increase the quality of the prescription for its implementation.

Another area of increasing interest that need further research both theoretical as well as empirical is related to the relationship between Market Orientation and more dimensions of business performance.

The different contributions of each subcomponent to the performance would also have to be evaluated, within a level of market-orientation. Although in the long term all the subcomponents are theoretically important, its association with the performance varies according to the countries and sectors. This indicates us the presence of factors that moderate its different impact on the performance.

Finally, future research has to study comparatively the role of the competitive strategies in less developed countries. Presently, the study of market strategies has been concentrated only in industrialized countries.

LIMITATIONS OF THE STUDY

This study is limited by its research methodology and by the representativeness of the economic sectors.

The cross-sectional design that we use in our research restricts our conclusions to the associations and it does not permit us to explain how market-orientation produces its high performance. Neither does this type of design permits to study the process of market-orientation implementation nor its influence on the performance in the long term.

The self-reporting method that we use to evaluate market-orientation can be submitted to subjective bias. In order to reduce the perceptual and attitudinal bias of the results, we used various representatives of each firm, as well as the representatives' confidence of their answers.

A scale of 7 points was used for the self-evaluation of the performance in Peru. In the Banks sector, the answers obtained in the three performance indicators are in the range of 3, 4, 3 until 7, respectively. In the Insurance sector, the answers in the three indicators are in the range of 1 until 7. These variances in the answers indicate us that the subjective bias danger has been controlled.

In Belgium, differing from previous studies on market-orientation, published economic data by official organizations was used.

A second group of limitations is referred to as the generalization of our results. The information obtained comes from two financial services with similar characteristics. If we had wished to raise the representation of our results, we would have to expand the sample to more industrial sectors and to more countries. Although we use different countries and sectors, our objective was not to do a comparative research but to evaluate the validity and reliability of our operationalization.

In Belgium, because of the limited number of small firms in our sample, the obtained results can only be valid for the median and large firms.

Finally, in spite of these possible limitations our results are consistent with the research developed with other market-orientation definitions and in other sectors. The results give empirical support to our market-orientation definition as independent strategy of the marketing function. It also present our definition as a valid alternative to expand the strategic perspective of the traditionary market-orientation definitions.

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Table 1 **THE BACKGROUND IN THE MARKET-ORIENTATION STUDY**

LITERATURE BASED ON THE CONCEPT OF MARKETING	AUTHORS
A) Questionnaires to evaluate the adoption of market-orientation .	Hise 1965; Ames 1970, Kotler 1977; Lawton and Parasuraman 1980; Michaels 1982; Shapiro 1988.
B) Promotion of the philosophical component of market-orientation	Borch 1958; Felton 1959; Mc Daniel 1979; Biggadike 1981; Brown 1987; McGee and Shapiro 1988; Gönroos 1989; Sullivan 1990; Mc Kenna 1991; Sharp 1991.
B.1 A marketing culture	<i>Hooley, Lynch and Shepherd (1990).</i>
B.2 Implementation, but with different name.	Kholi and Jaworski (1989).
C) Description of the organizational adoption of market-orientation	Hise 1965; Barksdale and Darden 1971; Mc Namara 1972; Lusch, Udell and Laczniack 1976; Morgan and Morgan 1991.
D) Evaluation of market-orientation performance	Gillingham 1980; Kapoor and Singh 1981; Hooley and Hoover 1986; Hooley, Lynch and Shepegherd 1990; Deshpandé, Farley and Webster 1993; Jaworski and Kholi 1993; Chang and Chen 1993.
E) Organizational marketing culture	Deshpandé, Farley and Webster (1993).
LITERATURE NOT BASED ON THE CONCEPT OF MARKETING	AUTHORS
F) The market-orientation as a business culture	Narver and Slater 1990

Figure 1 **THE MULTIMENSIONAL NATURE OF THE STRATEGY**

<div> <div>PHASES</div> <div>STAGES</div> </div>	PROCESS	CONTENT OR IDENTITY
FORMULATION	COGNITIVE FACTORS ⇔ ⇕	⇔ MODEL OF MARK. O. ⇕
IMPLEMENTATION	⇕ ORGANIZATIONAL ⇔ FACTORS	⇕ ⇔ BEHAVIORAL OPERATIONALIZATION




Figure 2

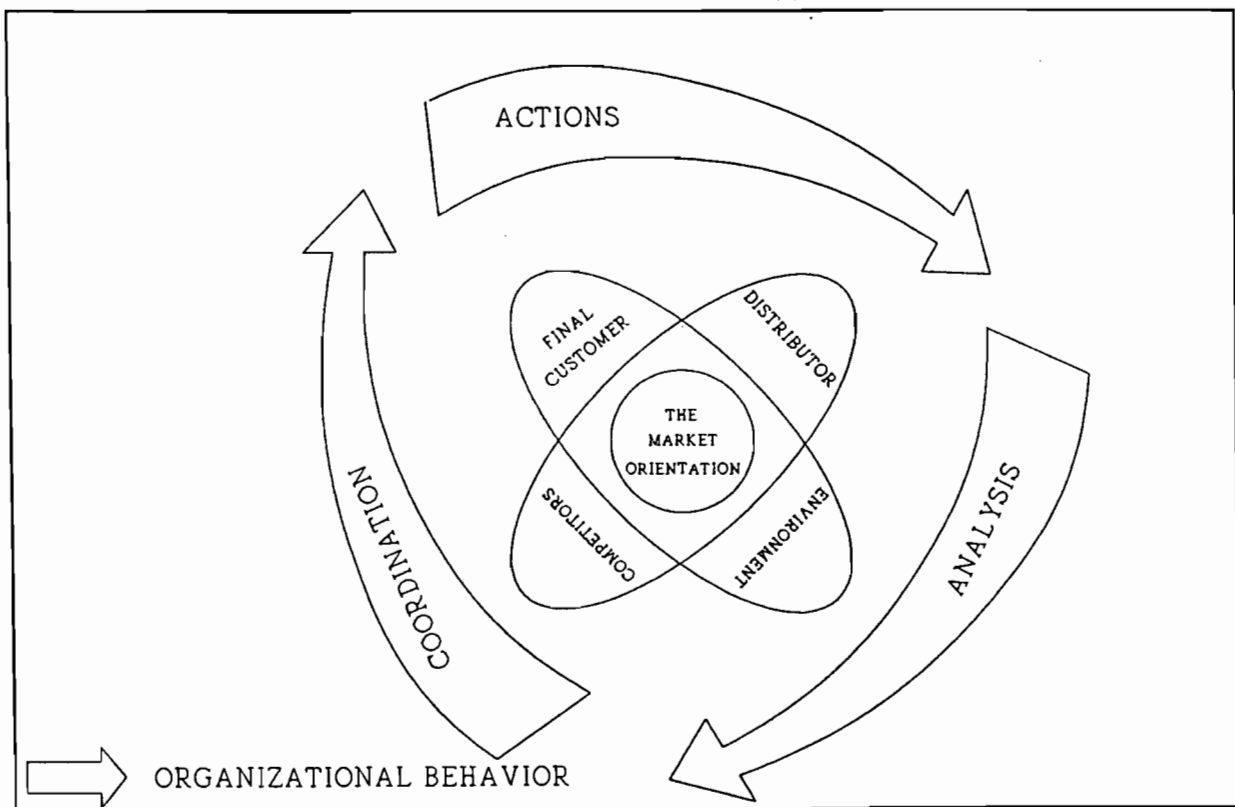
THE MARKET-ORIENTATION

Table 2: **MARKET ORIENTATION COMPONENTS**

ANALYSIS: Organizational behavior to analyze :	
<u>FINAL CUSTOMER</u> <ul style="list-style-type: none"> • Satisfaction of our final-customer • Present and future needs • Factors that influence the purchase • Changes in their preferences • Emergence of news segments • Different elements which influence the purchase • Problems with our solutions. • Positioning of our solutions-firm • Non monetary costs of our solutions • Profitability provided by our customer 	<u>DISTRIBUTOR-CUSTOMER</u> <ul style="list-style-type: none"> • Satisfaction of our distributors • Present and future needs • Goals pursued by our distributors • Their compatibility with our strategy • Value that they find in our company • Value that they find in our solutions • Their problems with our solutions • Image and attitudes to our solutions-firm • Its effect on our final-customers • Profitability provided by distributors
<u>COMPETITORS</u> <ul style="list-style-type: none"> • Following our competitor's strategies • Characteristics of strengths -weakness • Characteristics of variables of marketing • Evolution of potential competitors 	<u>MACRO ENVIRONMENT</u> <ul style="list-style-type: none"> • Different environmental components • Impact on the final-customer • Impact on the distributors. • The environment as an opportunities and a threats
<p style="text-align: center;">⬇</p> COORDINATION Organizational behavior to generate and use the market information	
<ul style="list-style-type: none"> • Shared participation of the functions to analyze the market information • Formal diffusion of the market information at all levels • Promotion of the informal diffusion of the market information • Participation of all the levels in the generation of market intelligence • Use of market intelligence for feedback at all levels on their performance • Use of market intelligence for the development of services • Use of market intelligence to develop a plan of marketing • Use of market intelligence for the shared execution of competitive strategy • Use of market intelligence to obtain the personal commitment in the execution of strategies 	
<p style="text-align: center;">⬇</p> COMPETITIVE ACTIONS Organizational behavior to satisfy and control :	
<u>FINAL-CUSTOMER</u> <ul style="list-style-type: none"> • Offers presented as integral solutions • Offers formed by wide range of solutions • Rapid implementation of plan- marketing • Market actions differentiated by segments • Introduction of news solutions • Rapid adaptation of solutions in segments • Prompt attention to complaints and problems • Use of value perceived for price fixing • Information to raise the value of a solution • Abandonment of unprofitable segments 	<u>DISTRIBUTOR-CUSTOMER</u> <ul style="list-style-type: none"> • Recognition as a member of the firm • Shared development of the marketing-plan • Diffusion of market intelligence • Communication of our competitive goals • Consultation before initiating new strategies • Support for sales, training and publicity. • Promotion of their collaboration with the firm • Quickness in satisfying problems complaints • Abandonment of unprofitable distributors
<u>COMPETITORS</u> <ul style="list-style-type: none"> • Actions to protect our final-customer • Actions to protect our distributors • Rapidity in anticipating the actions of competitors • Capability to surprise the competitors 	<u>MACRO ENVIRONMENT</u> <ul style="list-style-type: none"> • Strategies to influence key groups • Promotion of the social benefit that the company offers • Promotion of ecological worry of the company • To maintain its credibility with key groups

Table 3

RESULTS OF THE CONTENT VALIDITY

INDICATOR	RESULTS (average)
% of no answers	inferior than 5%
% of "not pertinent"	inferior than 2%
degree of confidence	total confidence, 85 %
degree of interest	well / very interested, 74%

Table 4**RESULTS OBTAINED IN PERU****INSURANCE SECTOR**

	ANALYSIS	COORDINA- TION	ACTIONS	MKT-OR
ANALYSIS				.9584**
COORDINATION	.9008**			.9697**
ACTIONS	.8364**	.8607**		.9338**
DIFFERENTIATION	.7638*	.8531**	.9370**	.8863**
LOW COSTS	.5065*	.4323	.5623*	.5208*
RR-HHU		.7643*		
N-S				.9710**
K-J				.9819**

Cases 12

1 tailed Signif: * - .01

** - .001

BANK SECTOR

	ANALYSIS	COORDINA- TION	ACTIONS	MKT-OR
ANALYSIS				.8993**
COORDINATION	.8059**			.9274**
ACTIONS	.7560**	.7797**		.9390**
DIFFERENTIATION	.6920*	.8771**	.9264**	.9225**
LOW COSTS	.4201	.3854	.5971*	.4705
RR-HHU		.7214*		
N-S				.9547**
K-J				.9314**

Cases 15

1 tailed Signif: * - .01

** - .001

Table 5**RESULTS OBTAINED IN BELGIUM**

	ANALYSIS	COORDINA- TION	ACTIONS	MKT-OR
ANALYSIS				.9305**
COORDINATION	.6870**			.8654**
ACTIONS	.7535**	.5424**		.8385**
N-S				.8607**
K-J				.9342**

Cases 61

1 tailed Signif: * - .01

** - .001

Table 6**DISCRIMINANT VALIDITY IN BELGIUM**

	ANALYSIS	MAKT-OR
ANALYSIS		.9338**
COORDINATION	.7471**	.9012**
ACTIONS	.7506**	.8591**
MARK-ANAL	.6817**	.6515**

Cases 28

1 tailed Signif: * - .01 ** - .001

Table 7

THE RELIABILITY OF THE QUESTIONNAIRE

NAME OF THE SCALE	<i>PERU BANKS</i>	<i>PERU INSURANCE</i>	<i>BELGICA INSURANCE</i>
▪ The analysis of the final customer	.8939	.9531	.8194
▪ The analysis of the distributor customer	.8728	.9683	.9924
▪ The analysis of the competition	.8772	.9579	.6930
▪ The analysis of the macro environment	.7741	.9016	.9159
▪ The interfunctional coordination	.9077	.9793	.7314
▪ The actions toward the final-customer	.9617	.9735	.7846
▪ The actions toward the distributor	.9106	.9400	.9993
▪ The actions toward the competition	.9490	.9435	.6549
▪ The actions toward the environment	.9278	.9335	.9431
▪ The Market-Orientation	.9910 (.9691)	.9756 (.9525)	.9305 (.9436)
▪ Differentiation	.9296	.9455	
▪ Low Costs	.8424	.9275	
▪ Human Resources (RR HH)	.9001	.8882	
▪ Performance (PERU)	.8496	.8901	
▪ Degree of certainty			.9583
▪ Marketing analysis			.8518

Table 8 THE DEGREE OF AGREEMENT OF MARKET-ORIENTATION

FIRM ⁶	Cases	W	Chi-Square	D.F.	Signific.
1	3	.6405	117.2082	61	.0000
2	2	.7940	96.8644	61	.0024
3	2	.7570	92.3537	61	.0059
4	2	.8405	102.5418	61	.0007
5	3	.5860	107.2336	61	.0002
6	3	.4347	79.5508	61	.0355
7	2	.6957	84.8721	61	.0234
8	2	.6266	76.4506	61	.0477
9	2	.6079	74.1579	61	.0201
10	2	.8176	99.7509	61	.0013
11	2	.8109	98.9307	61	.0015
12	2	.7291	88.9485	61	.0113
13	2	.6172	75.2965	61	.0130
14	3	.6458	118.1850	61	.0000
15	2	.7751	71.8531	61	.0340
16	2	.7873	96.0550	61	.0028
17	2	.9725	118.6416	61	.0000
18	2	.7658	93.4255	61	.0048
19	2	.6994	85.3274	61	.0216
20	2	.6687	69.5482	61	.0424
21	2	.7700	92.3200	61	.0075
22	3	.6709	95.3950	61	.0054

⁶ The firms that do not appear in this list only are only represented by 1 manager (marketer/non marketer).

Table 9

DIFFERENCES IN THE MARKET-ORIENTATION LEVEL

Sub-components of Market Orientation	Marketing respondents (N=28)		Non marketing respondents (N=33)		Sample total (N=61)	
	Mean	Std.dev	Mean	Std.dev	Mean	Std.dev
ANAL-END CUST	4,370	1,722	4,441	1,691	4,409	1,691
ACC- END CUST	5,584	1,199	6,448	1,293	6,031	1,312
ANA- DISTRIB	5,724	1,383	5,985	1,164	5,867	1,263
ACC-DISTRIB	6,733	1,153	7,296	1,056	7,040	1,127
ANA-COMPET	5,529	1,529	5,588	1,650	5,561	1,583
ACC-COMPET	5,141	2,199	5,944	1,661	5,571	1,954
ANA-ENVIRONM	5,404	2,867	5,633	2,428	5,527	2,619
ACC-ENVIRONM	3,296	2,062	3,374	2,049	3,339	2,038
COORDINATION	5,833	1,631	6,125	1,280	5,994	1,443
Mean	5,290		5,648		5,482	

Table n° 10 **MARKET ORIENTATION AND PERFORMANCE**

CRITERIA/ PERFORMANCE COUNTRY		R-SQUARE	CONSTANT	F-RATIOS	P- VALUES
BANKS (PERU)	ROI	.4105*	1.0486	6.26	.03
	NPLSR	.3010*	2.926	4.73	.04
	SALES	.1964	2.326	2.200	.17
INSURANCES (PERU)	ROI	.6266*	-1.084	10.07	.01
	NPLSR	.4519*	1.2959	4.94	.05
	SALES	.3351	1.1346	3.02	.13
INSURANCES (BELGIUM)	NPOP93	.3350*	-2.495	4.7	.03
	AIBN	.2983*	-1.360	3.9	.05
	PI 93	.0108	-1.26	.5384	.46

Table 11 RESULTS ACCORDING TO TYPE OF FIRM

Correlations	NON-LIFE/ NPOP	LIFE/ NPOP	NON-LIFE and LIFE/ NPOP	NON- LIFE and LIFE/ PI 93	NON- LIFE and LIFE/ API 91,93
ANAL-END CUST	.0384	.1921	.3899	.5006 ^u	.5388 ^u
ACC- END CUST	.1619	.6215°	.1960	.2639	.3048
ANA- DISTRIB	.4886	.2729	.8077**	.7495*	.7564*
ACC-DISTRIB	.2723	.0319	.4593	.5587 ^u	.5818 ^u
ANA-COMPET	.1622	.3219	.6273°	.6821*	.6942*
ACC-COMPET	.0019	.2818	.4989	.5811 ^u	.5870 ^u
ANA-ENVIRONM	.2754	.2216	.6056 °	.6051 ^u	.6247 ^u
ACC-ENVIRONM	.4891	.5558°	.5047	.7014*	.7057*
COORDINATION	.1241	.0985	.3348	.3155	.3639
MKT-OR	.3197	.4558°	.6278 °	.6892*	.7192*
CAS	19	17	16		

1-tailed Signif: * - .01 ** - .001 ° - .05